

Message Text

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62

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UNCLAS SECTION 1 OF 2 MOSCOW 13307

C O R R E C T E D C O P Y FOR MRN 13307 VICE 03307

UUSDOC FOR MARAD/A. R. VAN DOREN, JR.

E.O. 11652: NA

TAGS: EWWT EEWT UR

SUBJECT: MARITIME NEGOTIATIONS

1. FOLLOWING IS TEXT OF AGREEMENT EXCLUDING ATTACHMENTS SIGNED BY DESIGNATED REPRESENTATIVES CONCERNING BULK CARGO RATES FOR THE CARRIAGE OF GRAIN FROM US TO USSR. TEXT IS EMBARGOED FOR RELEASE UNTIL NOON EST SEPTEMBER 19. ATTACHMENTS FOR MEMORANDUM WILL BE IN POSSESSION OF ASS'T SEC BLACKWELL WHO IS SCHEDULED TO BE IN OFFICE FRIDAY AM:

MEMORANDUM

OF THE SESSIONS OF THE DESIGNATED REPRESENTATIVES
OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND OF THE GOVERNMENT OF THE UNION OF THE SOVIET
SOCIALIST REPUBLICS CONCERNING BULK CARGO RATES
AND CHARTER PARTY TERMS

THE DESIGNATED REPRESENTATIVES UNDER ANNEX III OF THE AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE
GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS REGARDING
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CERTAIN MARITIME MATTERS MET IN MOSCOW, DURING THE PERIOD SEPTEMBER

9 THROUGH SEPTEMBER 18, 1975, FOR SPECIAL DISCUSSIONS CONCERNING THE DETERMINATION OF MUTUALLY ACCEPTABLE FREIGHT RATES FOR THE CARRIAGE OF BULK AGRICULTURAL COMMODITIES.

1. IN GIVING EFFECT TO ANNEX III, PARAGRAPH 3(A) THE DESIGNATED REPRESENTATIVES HAVE AGREED THAT "MUTUALLY ACCEPTABLE RATES," FOR THE CARRIAGE OF SPECIFIED CATEGORIES OF RAW AND PROCESSED AGRICULTURAL COMMODITIES (VIZ: HEAVY GRAINS - CORN, WHEAT, SORGHUMS, MILO, RYE AND SOY BEANS; AND BARLEY) BY U.S. FLAG BULK CARGO VESSELS FROM THE U.S. TO THE U.S.S.R. FOR FIXTURES MADE AFTER SEPTEMBER 22, 1975, SHALL BE DETERMINED AS DESCRIBED BELOW:

(A) THE U.S. GULF/BLACK SEA CHARTER RATE SHALL BE ESTABLISHED MONTHLY BY USING AS AN INDEX THE MONTHLY AVERAGE VOYAGE CHARTER RATE FOR U.S. GULF TO HOLLAND/BELGIUM LISTED IN THE DAILY FREIGHT REGISTER, PUBLISHED BY U.K. PUBLICATIONS LTD., LONDON, ENGLAND, ON OR ABOUT THE FIFTH DAY OF THE MONTH FOR THE PRECEDING MONTH.

(B) THE BASE MONTH FOR SUCH INDEX SHALL BE THE MONTH OF AUGUST, 1975, IN WHICH MONTH THE U.S. GULF TO HOLLAND/BELGIUM MONTHLY AVERAGE VOYAGE CHARTER RATE LISTED IN THE DAILY FREIGHT REGISTER WAS U.S. \$4.32. EXPRESSED IN INDEX NUMBER FORM, THE U.S. \$4.32 IS BASE 100 AND EACH U.S. GULF TO HOLLAND/BELGIUM MONTHLY AVERAGE CHARTER RATE WHICH IS PUBLISHED IN THE DAILY FREIGHT REGISTER SHALL BE EXPRESSED AS AN INDEX NUMBER OF SUCH BASE 100 FOR THE PURPOSE OF ESTABLISHING THE U.S. GULF/BLACK SEA CHARTER RATE APPLICABLE TO U.S. FLAG BULK CARGO VESSELS, SUBJECT TO ADJUSTMENTS AS DESCRIBED IN SUBPARAGRAPH (E) BELOW:

(C) CHARTER RATES FOR FIXTURES MADE FOR U.S. FLAG BULK CARGO VESSELS AFTER SEPTEMBER 22, 1975, SHALL BE ESTABLISHED BY APPLYING THE INDEX NUMBER OF THE PRECEDING MONTH TO U.S. \$13.00 AS FOLLOW:

(I) SEPTEMBER 10 TO OCTOBER 9 - THE INDEX NUMBER FOR THE U.S. GULF TO HOLLAND/BELGIUM MONTHLY AVERAGE VOYAGE CHARTER RATE FOR THE MONTH OF AUGUST (PUBLISHED ON OR UNCLASSIFIED

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ABOUT THE FIFTH DAY OF SEPTEMBER SHALL BE USED FOR ESTABLISHING THE U.S. GULF/BLACK SEA CHARTER RATE;

(II) OCTOBER 10 TO NOVEMBER 9 - THE INDEX NUMBER FOR THE U.S. GULF TO HOLLAND/BELGIUM MONTHLY AVERAGE VOYAGE CHARTER RATE FOR THE MONTH OF SEPTEMBER (PUBLISHED ON OR ABOUT THE FIFTH DAY OF OCTOBER) SHALL BE USED FOR ESTABLISHING THE U.S. GULF/BLACK SEA CHARTER RATE;

AND

(III) AFTER NOVEMBER 9 - THE U.S. GULF/BLACK SEA CHARTER RATE SHALL BE DETERMINED EACH MONTH IN ACCORDANCE WITH THE INDEXING METHOD DESCRIBED HEREIN AND THE RATE SO DETERMINED SHALL BE IN EFFECT FROM THE TENTH DAY OF THE MONTH THROUGH THE NINTH DAY OF THE FOLLOWING MONTH.

(D) IN THE EVENT THAT A MONTHLY AVERAGE VOYAGE CHARTER RATE FOR U.S. GULF TO HOLLAND/BELGIUM IS NOT PUBLISHED FOR A GIVEN MONTH, THE THEN CURRENT U.S. GULF/BLACK SEA CHARTER RATE SHALL CONTINUE IN EFFECT UNTIL A NEW U.S. GULF TO HOLLAND/BELGIUM MONTHLY AVERAGE VOYAGE CHARTER RATE IS PUBLISHED.

(E) TO THE EXTENT THAT THE RATE DERIVED IN (C) IS BELOW THE U.S. GULF/BLACK SEA RATE OF U.S. \$16.00, THE CHARTER RATE APPLICABLE TO U.S. FLAG VESSELS IS U.S. \$16.00. THIS

DIFFERENCE BETWEEN THE CHARTER RATE DERIVED IN (C) AND U.S. \$16.00 MULTIPLIED BY THE NUMBER OF TONS CARRIED WILL CONSTITUTE AN ADJUSTMENT IN FAVOR OF THE U.S.S.R. A RECORD WILL BE MAINTAINED OF THE CUMULATIVE ADJUSTMENTS MADE UNDER THIS SYSTEM. TO THE EXTENT THAT THE U.S. GULF/BLACK SEA RATE DERIVED IN (C) EXCEEDS U.S. \$16.99, WHEN THERE IS A CUMULATIVE ADJUSTMENT IN FAVOR OF THE U.S.S.R. THE CHARTER RATE APPLICABLE TO U.S. FLAG VESSELS WILL BE U.S. \$16.00 UNTIL THE CUMULATIVE ADJUSTMENT IN FAVOR OF THE U.S.S.R. IS ELIMINATED BY OFFSETTING ADJUSTMENTS IN FAVOR OF THE U.S. ADJUSTMENTS IN FAVOR OF THE U.S. REPRESENT THE DIFFERENCE BETWEEN THE RATE DERIVED IN (C) AND U.S. \$16.00 WHEN SUCH ADJUSTMENTS ARE USED TO OFFSET CUMULATIVE ADJUSTMENTS IN FAVOR OF THE USSR. (SEE

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ATTACHMENT I)

(F) THE INDEXING METHOD DESCRIBED ABOVE WILL APPLY TO FIXTURES MADE DURING THE PERIOD SEPTEMBER 22, 1975 THROUGH DEC 31, 1975. CONTINGENT UPON THE EXECUTION OF A NEW MARITIME AGREEMENT EFFECTIVE JAN 1, 1976, THIS SYSTEM SHALL BE CONTINUED FOR THE ESTABLISHMENT OF CHARTER RATES FOR U.S. FLAG VESSELS FOR FIXTURES MADE THROUGH DEC 31, 1976.

(G) CHARTER RATES FOR THE CARRIAGE OF SPECIFIED CATEGORIES OF RAW AND PROCESSED AGRICULTURAL COMMODITIES BY U.S. FLAG BULK CARGO VESSELS FOR TRADE AREAS OTHER THAN U.S. GULF/BLACK SEA SHALL BE BASED ON THE ADJUSTMENTS TO THE THEN CURRENT U.S. GULF/BLACK SEA CHARTER RATE WHICH ARE SET FORTH IN ATTACHMENT II.

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

AGR-10 TRSE-00 OMB-01 STR-04 OFA-01 /092 W

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FM AMEMBASSY MOSCOW

TO USDOC WASHDC

INFO SECSTATE WASHDC 4587

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C O R R E C T E D C O P Y (CORRECT OMISSION IN PARAGRAPH 2.)

2. IN GIVING EFFECT TO THE PRINCIPLES AND OBJECTIVES OF ANNEX III, PARAGRAPH 4, A FURTHER MODIFICATION OF THE CHARTER PARTY TERMS SPECIFIED ON OCTOBER 14, 1972, IN A LETTER FROM MR. N. ZUEV, PRESIDENT OF SOVFRACHT, TO MR. ROBERT J. BLACKWELL, ASSISTANT SECRETARY FOR MARITIME AFFAIRS, U.S. DEPARTMENT OF COMMERCE, AND SUBSEQUENTLY AMENDED BY THE DESIGNATED REPRESENTATIVES IN MEMORANDA CONCERNING BULK CARGO RATES AND CHARTER PARTY TERMS ON MAY 30, 1973 AND NOVEMBER 24, 1973, SHALL BE MADE, TO BE EFFECTIVE FOR FIXTURES MADE AFTER SEPTEMBER 22, 1975:

THE EXISTING ITEM 4 IS DELETED AND A NEW ITEM 4 INSERTED TO READ AS FOLLOWS:

"4. THE RATES FOR DEMURRAGE PER DAY OR PRORATA FOR PART OF A DAY SHALL BE ESTABLISHED MONTHLY ON THE BASIS OF AN INDEX SYSTEM SIMILAR TO THAT AGREED UPON FOR ESTABLISHING THE U.S. GULF/BLACK SEA FREIGHT RATE AND USING THE SAME INDEX NUMBER. THE BASE MONTH FOR THE DEMURRAGE INDEX SHALL BE AUGUST 1975, IN WHICH THE DEMURRAGE RATES WERE \$4,242 FOR VESSELS LOADING LESS THAN 15,000 LONG TONS, \$5,656 FOR VESSELS LOADING BETWEEN 15,000 AND 30,000 LONG TONS, AND \$6,363 FOR VESSELS LOADING OVER 30,000 LONG TONS. IN NO EVENT SHALL THE DEMURRAGE RATE BE LESS

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THAN OR EXCEED THE FOLLOWING LIMITS:

LOADING LESS THAN 15,000 L/T:

MINIMUM \$4,242: MAXIMUM \$7,000

LOADING BETWEEN 15,000 AND 30,000 L/TC

MINIMUM \$5,656: MAXIMUM \$9,000

LOADING MORE THAN 30,000 L/T

MINIMUM \$6,363; MAXIMUM \$10,000

DESPATCH PAYABLE AT ONE-HALF OF THE DEMURRAGE RATE."

DONE AT MOSCOW, THIS 10TH DAY OF SEPTEMBER, 1975.

2. FOLLOWING IS TEXT OF FACT SHEET WHICH WILL BE RELEASED BY
BLACKWELL TO MOSCOW-BASED PRESS CORPS AT AIRPORT PRESS
CONFERENCE ON DEPARTURE SEPT 18:

FACT SHEET

THE GOVERNMENT REPRESENTATIVES DESIGNATED TO IMPLEMENT THE
OCTOBER 14, 1972, U.S-USSR MARITIME AGREEMENT -- ROBERT J.
BLACKWELL, ASSISTANT SECRETARY OF COMMERCE FOR MARITIME AFFAIRS,
FOR THE UNITED STATES AND IGOR AVERIN, HEAD, FOREIGN RELATIONS
DEPARTMENT, MINISTRY OF MERCHANT MARINE, FOR THE USSR -- MET
IN MOSCOW FROM SEPTEMBER 9 TO SEPTEMBER 18, 1975. NEGOTIATIONS
WERE HELD CONCERNING THE ESTABLISHMENT OF A MUTUALLY ACCEPTABLE
RATE FOR THE CARRIAGE OF BULK AGRICULTURAL PRODUCTS FROM THE U.S.
TO THE USSR AND THE TEXT OF A NEW AGREEMENT. THE RESULTS OF
THESE NEGOTIATIONS ARE SUMMARIZED BELOW:

FREIGHT RATES FOR THE CARRIAGE OF BULK AGRICULTURAL COMMODITIES
BY U.S.-FLAG SHIPS

FOR THE PERIOD SEPTEMBER 22, 1975 - DECEMBER 31, 1976, THE
MINIMUM FREIGHT RATE WHICH WILL BE PAYABLE TO U.S. FLAG VESSEL
OPERATORS FOR THE CARRIAGE OF GRAIN FROM U.S. GULF PORTS TO
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SOVIET BLACK SEA PORTS WILL BE \$16.00 FOR PER LONG TON. THE

PAYMENT OF THIS MINIMUM RATE FOR CALENDAR YEAR 1976 IS CONTINGENT UPON THE EXECUTION OF A NEW MARITIME AGREEMENT TO BE EFFECTIVE JANUARY 1, 1976.

REVISIONS TO THE INDEX SYSTEM FOR DETERMINING FREIGHT RATES OFFERED TO U.S. FLAG VESSELS WERE AGREED UPON. A NEW BASE FOR THE INDEX WAS AGREED WHICH USES AUGUST, 1975 AS THE BASE PERIOD. DURING THIS PERIOD THE GULF/HOLLAND-BELGIUM RATE AVERAGES \$4.32 AND THE CORRESPONDING GULF/BLACK SEA RATE WAS ESTABLISHED AT \$13.00. UNDER THE PREVIOUS BASE THE U.S. GULF/BLACK SEA RATE WOULD HAVE BEEN \$6.52.

DURING THE INITIAL PERIOD WHEN THE U.S. GULF/BLACK SEA RATE AS DERIVED BY THE NEW INDEX IS LESS THAN THE MINIMUM RATE A CUMULATIVE ADJUSTMENT REPRESENTING THE DIFFERENTIAL MULTIPLIED BY THE NUMBER OF TONS CARRIED WILL BE MAINTAINED IN FAVOR OF THE USSR. THIS ADJUSTMENT WILL BE REDUCED AS THE DERIVED RATE RISES ABOVE THE MINIMUM RATE. ONCE THE CREDIT IN FAVOR OF THE USSR HAS BEEN OFFSET, NO FURTHER ADJUSTMENTS SHALL BE MADE.

DEMURRAGE FOR U.S. - FLAG VESSELS

IT WAS AGREED THAT DEMURRAGE, THE PENALTY PAID BY THE SOVIET CHARTERERS TO THE SHIPOWNERS FOR DELAYS, WOULD BE INCREASED FOR AMERICAN VESSELS CORRESPONDING TO THE INCREASE IN FREIGHT RATES RESULTING FROM THE MODIFICATION OF THE INDEX BASE SET FORTH ABOVE.

THE MINIMUM LIMITS ON THE DAILY DEMURRAGE RATE WERE CHANGED AS FOLLOWS:

FOR VESSELS LOADING LESS THAN 15,000 L/T:

PRESENT \$3,000 NEW \$4,242

FOR VESSELS LOADING BETWEEN 15,000 AND 30,000 L/T:

PRESENT \$4,000 NEW \$5,656

FOR VESSELS LOADING OVER 30,000 L/T:
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PRESENT \$4,500 NEW \$6,363

NEW AGREEMENT

A NUMBER OF DISCUSSIONS WERE HELD CONCERNING THE PROVISIONS OF A NEW MARITIME AGREEMENT. BOTH SIDES AGREED TO CONTINUE THESE DISCUSSIONS IN WASHINGTON LATER THIS YEAR.

3. FOR OATES: TEXT OF FACT SHEET AND MEMORANDUM SHOULD BE PLACED IN PRESSBOOK. NO PRESS CONFERENCE TO BE SCHEDULED.

4. FOR YOWELL: PLEASE HAVE MULLER/CARLTON CONTACT FOLLOWING BROKERS: BILL DODD, AL GUETTA, JIM CORBETT, ALSO MOC AND HUDSON, AND TRANSPORTATION NEWS TICKER. ADVISE BROKERS FOREGOING AGREEMENT AND THAT MARAD WILL APPROVE THROUGH OCT 9 FIXTURES WITH LAYDAYS/CANCELLING SEPT/OCT 31 AND FROM OCT 10 THROUGH OCT 16 FIXTURES WITH LAYDAYS/CANCELLING NOV 30. FROM OCT 17 THROUGH NOV 16 FIXTURES WITH LAYDAYS/CANCELLING DEC 31. THEREAFTER A SIMILAR PATTERN WILL BE FOLLOWED.
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